

**Retirees Age 65 & Over**  
**and for those Retirees Under Age 65 who are Medicare Eligible**

**2007 KTRS Group Medicare Advantage  
Private Fee-For-Service Plan (PFFS)**

**A**s reported to you in the last newsletter, the Medicare Modernization legislation opened a window of opportunity for the offering of a group insurance plan called the Group Medicare Advantage Private Fee-For-Service Plan. In order to entice insurance carriers to cover under-served Medicare beneficiaries living in rural areas throughout the United States, Medicare began providing approximately 10% more in subsidies for the Group Medicare Advantage Private Fee-For-Service Plan compared to traditional Medicare Parts A and B. The Group Medicare Advantage Private Fee-For-Service Plan is not like the off-the-shelf Medicare Advantage PPOs and HMOs that are being marketed to seniors on an individual basis, as it has been customized to be the same as the existing KTRS plan design elements with no participant out-of-pocket cost changes.

Also reported to you in the last newsletter, KTRS issued a Request for Qualifications (RFQ) soliciting responses for an insured Group Medicare Advantage Private Fee-For-Service Plan for calendar year 2007 to further explore this opportunity. The solicitation was drafted in accordance with the existing Medicare Eligible Health Plan design. The RFQ process confirmed that the existing plan design, out-of-pocket costs, and physician/hospital access would not materially change. The RFQ also confirmed that the KTRS Medical Insurance Fund should reap a projected \$11 million savings in 2007 by converting to a Group Medicare Advantage Private Fee-For-Service Plan. Cost containment initiatives such as this, that do not shift costs to our retirees or to the KTRS Medical Insurance Fund, are necessary to help maintain the integrity and stability of the retiree health benefit beyond the next two years.

The successful respondent to this RFQ is Humana, and effective January 01, 2007 they will provide an insured Group Medicare Advantage Private Fee-For-Service Plan to all participants enrolled in both Part A and Part B of Medicare. The KTRS self-funded Medicare Eligible Health Plan will remain intact for prescription drug coverage and for those retirees who are not eligible for both Part A and Part B of Medicare.

**It is important to point out what stays the same for 2007:**

- ❖ Still, no medical provider network required.
- ❖ No change in co-payments.
- ❖ No change in deductibles.
- ❖ No change in coinsurance.
- ❖ No change in out-of-pocket annual maximums.
- ❖ No change in plan design elements.
- ❖ The KTRS self-funded Medicare Eligible **Prescription** Drug Plan, currently administered by Medco, will remain intact for all eligible retirees age 65 and over, unless they are enrolled in one of the Medicare Part D drug plans.
- ❖ Participants are still in the Medicare program.
- ❖ Participants will still have the same Medicare rights and protections.
- ❖ Participants will still get all the regular Medicare covered services.
- ❖ You will still be required to pay your monthly Medicare Part B premium.

**It is important to point out what will improve for 2007:**

- ❖ Participants will now have access to a 24-hour nurse line.

**2007 KTRS Group Medicare Advantage  
Private Fee For Service Plan continued ...**

- ❖ Participants will now have access to the Silver Sneakers fitness program.
- ❖ Participants will be able to voluntarily enroll in disease management programs.
- ❖ For covered spouses and retirees not eligible for the full supplement, the monthly premium has been reduced from \$315 to \$283.

***It is important to anticipate  
your questions:***

**What do you need to do to enroll?**

▶ **Nothing.** For those currently participating in the KTRS MEHP and those currently on KTRS medical coverage but turning age 65 in January, you will be automatically enrolled for January 01, 2007. You will not have to complete a paper application.

**What if I am not enrolled in both  
Part A & B of Medicare?**

▶ You will not be eligible for the PFFS but will continue on the KTRS self-funded MEHP to be administered by Humana and Medco in 2007.

**When will I get my new ID card?**

▶ ID cards will be mailed around the Christmas holiday.

**What do I do with my other insurance  
cards?**

▶ Continue to use your Aetna insurance card for all doctors and hospital visits through December 31, 2006, and your provider should continue to bill Medicare first. After December 31, 2006 please destroy all of your Aetna insurance cards as they are no longer valid.

▶ Beginning January 01, 2007 use your Humana insurance card for all doctors and hospital visits.

▶ Continue to use your Medco card for prescriptions you purchase in 2007.

▶ Keep your Social Security card and your Medicare card in a safe place, but they should not be presented to your doctor or your hospital after December 31, 2006, unless you are not enrolled in Medicare Part A and/or Part B.

**Should I be concerned whether my doctor  
accepts Humana's Group Medicare  
Advantage Private Fee-For-Service Plan?**

▶ Your provider may require some communication and education efforts about Group Medicare Advantage Private Fee-For-Service Plans. There are no provider networks associated with a Group Medicare Advantage Private Fee-For-Service Plan like there are for PPOs and HMOs. A KTRS participant may go to any provider that accepts Medicare and accepts the Humana Group Medicare Advantage Private Fee-For-Service Plan. There is no financial incentive or disincentive for a provider to not accept a Medicare Advantage Private Fee-For-Service Plan because they are paid under the same arrangements that exist with traditional Parts A and B of Medicare. If a provider treats a patient covered under a Group Medicare Advantage Private Fee-For-Service plan, then by their actions they have agreed to accept the payment terms. KTRS and Humana have already partnered in a strategic communication and education plan and are currently analyzing over 13,000 providers previously utilized by KTRS retirees.

▶ Currently, KTRS takes calls on a regular basis from providers who do not understand our existing self-funded Medicare Eligible Health Plan and indicate that they do not accept our plan. With communication and education, those issues are quickly alleviated.

▶ When talking with your provider, ask the Office Manager (not the Receptionist) if they accept Humana's Group Medicare Advantage Private Fee-For-Service Plan. Tell them that this plan is not an HMO or a PPO. If you or your providers have questions or concerns, please call toll-free at 1-866-291-9714. Humana will work with your provider to educate them that this plan is no different than accepting traditional Medicare Parts A and B.